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## CURRENT SUPPORT BRIEF

A NEW SOVIET HANDBOOK GIVES ADDITIONAL  
INVESTMENT DATA FOR 1959

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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**CONFIDENTIAL**A NEW SOVIET HANDBOOK GIVES ADDITIONAL  
INVESTMENT DATA FOR 1959

The new edition of USSR in Figures indicates that the growth of capital investment during 1959 was an impressive 12 percent, in the face of an average annual growth of 8-9 percent required in the Seven Year Plan. 1/ As expected, however, some weaknesses continued, especially in the supply of equipment. A matter of continuing concern to the regime is the possible effect on material supply of the growth in decentralized capital investment. Investment outside of the state plan amounted to more than 100 billion rubles (the total for kolkhozes, private housing, and decentralized investment), or some one-third of total investment, with the consequence that the allocation and control of expenditure of investment resources has become difficult.

There are some significant omissions of data in the 1959 Handbook which had been given in the 1958 edition of the same book, for example the table giving the structure of capital investment by sector (industry, agriculture, and so on).

The Handbook states that total capital investment, excluding the investments of the kolkhozes and investment in private housing, grew 12 percent above the 1958 level to a total of 275 billion rubles.\* The additional facts are revealed that total construction work grew to a total of 171.5 billion rubles, or by more than 14 percent, and acquisition of machinery and equipment by the state sector grew to a total of 85 billion rubles, or by 9 percent. When the acquisitions of new machinery by the kolkhozes are included in the 1958 and 1959 totals, the total increase in acquisition of machinery and equipment amounts to 13 percent,\*\* because of a substantial increase of new purchases by the kolkhozes following the agricultural reorganization.

Of the total capital investment, state capital investments amounted to 225 billion rubles\* and the so-called decentralized investment amounted to 50 billion rubles. Decentralized investment, which includes the investments of the producer and consumer cooperatives, investments financed from modernization loans, and investments from such other sources as the enterprise funds, continues to grow rapidly, having grown some 25 percent during 1959 despite the specific efforts of the regime to reduce its rate of growth.

State capital investment--that investment controlled by the state planning authorities as to allocations and audit of fulfillment--grew only 10 percent to a total of 225 billion rubles\* which, according to the 1959 plan fulfillment report, amounted to a 5 percent underfulfillment, implying that the Plan had been augmented during the year from reserve funds to a total of 231 billion rubles. The original version of the Plan had been 226 billion rubles, at the time of approval of the 1959 budget.

\* Data indicated by the asterisk are inclusive of expenditures for project design work, in accordance with the new Soviet definition which includes these expenditures as capital investment, beginning in 1959. Soviet statisticians have recomputed totals for previous years in accordance with the new definition. In structural breakdowns, these expenditures are defined neither as construction costs nor equipment costs but as "other" expenditures.

\*\* Total growth of production may have been less, since it is believed some of the agricultural machinery may have come from inventory, that is, 1958 production.

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Reports from the construction industry indicate that the construction plan for state capital investment had been fulfilled, thus it is quite certain that the underfulfillments in the state plan occurred primarily in the delivery of the equipment. Recent criticisms in the Soviet press indicate that this was indeed the case. Nevertheless, as noted earlier, deliveries of equipment to all consumers, including kolkhozes, expanded by 13 percent during 1959. Further, the 39 percent increase in investment in machine-building industries realized during 1959 should help assure future growth in the supply of equipment.

Significant shortfalls in the planned volume of investment occurred in the chemical industry, in the gas and oil industries, in the cement industry, and to a more limited extent in the metallurgical industries.

Construction of state housing was overfulfilled and increased 15 percent in volume during 1959. Private urban housing increased a disappointing 9 percent, in the face of the planned increase of 19 percent.

For most republics, the increase in investment was larger than the rate called for in the Plan. This is particularly true for the Ukraine, which appears to be expanding investment and industrial production at a rate greater than originally planned.

Table

Comparison of Growth of Capital Investment in 1959, by Republic,  
Against Average Growth Rate Required by Seven Year Plan

	Growth of Investment under Control of Republican Councils of Ministers		Growth of Invest- ment under Control of all Government Organs, including All-Union and De- centralized Capi- tal Investments	
	Average Annual Rate, 1959-65 <sup>4/</sup> Percent Increase	Actual Increase 1959 over 1958 <sup>3/</sup> Percent	Average Increase 1959 over 1958 <sup>1/</sup> <sup>2/</sup> Percent	
RSFSR	9.6	10	11.3	
Ukraine	4.0	11	15.4	
Kazakhstan	11.4	17	16.1	
Georgia	7.0	9	11.0	
Lithuania	6.7	15	20.4	
Latvia	9.3	20	22.3	
Tadzhik	14.7	28	25.4	
Armenia	12.7	15	16.0	
Estonia	9.4	14	16.2	
Republics for which Republican investment is not up to planned rate but total investment is:				
Belorussia	11.9	11	12.4	
Azerbaijan	10.1	4	11.6	
Republics which are not up to planned rate:				
Uzbek	13.3	5	9.9	
Moldavia	18.5	15	16.8	
Kirgiz	9.6	6	6.4	
Turkmen	13.5	7	10.4	

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Sources:

1. SSSR v Tsifrakh v 1959 Godu (USSR in Figures in 1959),  
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2. Narodnoye khozyaystvo SSSR v 1958 Godu (National Economy of  
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3. 1959 Plan Fulfillment, Pravda, 22 Jan 60. U.
4. [REDACTED]

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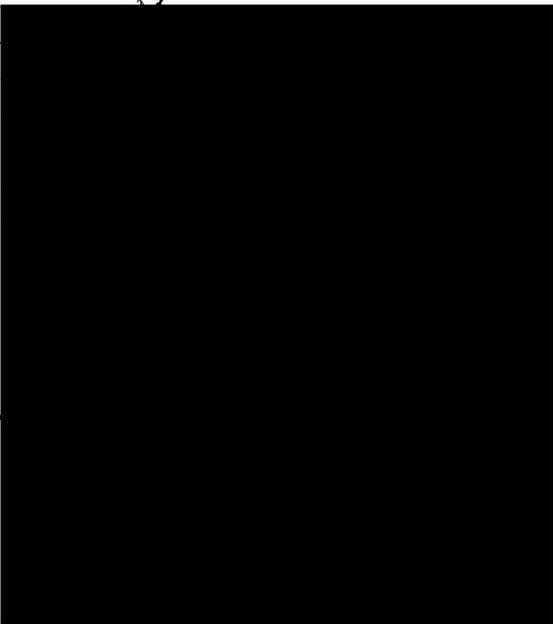
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